

# IS SUPERVISION BY RISK WORKPROGRAM

## CHAPTER 2WP

(FILE NAME ON DISK #3 = IS-WP#01.WPD)

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### Risk Analysis

Examiners should complete a risk analysis at least once during each supervisory cycle.

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Name of Institution

City/State

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Examiner-in-Charge

Date

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Reviewed by

Date

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**1. The quantity of transaction risk is :**

\_\_\_\_high\_\_\_\_moderate\_\_\_\_low

**2. The quality of transaction risk management is:**

\_\_\_\_weak\_\_\_\_acceptable\_\_\_\_strong

**3. Aggregate transaction risk is:**

\_\_\_\_high\_\_\_\_moderate\_\_\_\_low

**4. The direction of change in transaction risk is expected to be:**

\_\_\_\_increasing\_\_\_\_stable\_\_\_\_decreasing

Provide narrative support to the assessment. Use additional pages as necessary.

Note: This workprogram form is a sample tool and its use is determined by policy within each FFIEC member agency.

# Supervisory Strategy

Supervisory strategies are dynamic documents. Examiners should review and update strategies regularly based on the organization, industry, and economic developments.

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Name of Institution

City/State

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Examiner-in-Charge

Date

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Reviewed by

Date

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Based on the institution's risk profile and appropriate statutory and agency standards, prepare a supervisory strategy addressing the following, using additional pages as necessary:

**Objectives** – Define the goals of supervision for the institution. The goals should be clear, attainable, specific, and action-oriented.

**Activities** – Identify the steps that will achieve the supervisory objectives. Each activity should link directly to one or more supervisory objective. Activities should include a plan for communications with the institution detailing the types and frequency of communications (e.g., report of examination, meeting with the board of directors, phone calls, E-mail, etc.)

**Work Plans** – Describe how strategies will be achieved. Include details on the scope, timing, and resources needed to meet supervisory objectives and strategies.

Note: This workprogram form is a sample tool and its use is determined by policy within each FFIEC member agency.

# Aggregate Risk Matrix

**Quality of Risk Management**

**Weak**

**Acceptable**

**Strong**

Moderate	High Moderate Quantity Precludes "Highest"	Highest
Low Acceptable Risk Management Precludes "Lowest"	Moderate	High Acceptable Risk Management Precludes "Highest"
Lowest	Low Moderate Quantity Precludes "Lowest"	Moderate
<b>Low</b>	<b>Moderate</b>	<b>High</b>

**Quantity of Risk**

Note: This matrix is only a graphic representation of a risk decision process; it is not a required interpretation. The matrix represents the aggregate risk assessment based on the quantity of risk and the quality of risk management for each type of risk. The aggregate risk decision may be affected further by mitigating factors. Examiners can use a similar, one-dimensional risk matrix for composite risk decisions.